

**Hilton Head Island  
Economic Development Corporation**

**Tuesday, March 11, 2014**

**9:00 a.m. – Palmetto Electric Community Room**

**111 Mathews Drive**

**Hilton Head Island, SC 29928**

*Note: Please park and enter through the back of the building*

**AGENDA**

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**As a Courtesy to Others Please Turn Off All Cell Phones and Pagers during the Meeting**

- 1. Call to Order**
- 2. Freedom of Information Act Compliance**  
Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 3. Approval of Minutes from February 25, 2014**
- 4. Old Business**
  - a. Status Reports/Updates for EDC Goals
    - i) New Business Development – Ray Wenig
    - ii) Existing Business Development – John Joseph
    - iii) Infrastructure – Maryann Bastnagel
  - b. EDC Staff Recruitment Status – Carlton Dallas
- 5. New Business**
  - a. Outline for March 25<sup>th</sup> meeting with Town Council – Chairman Upshaw
  - b. Draft of EDC FY2015 Budget – John Joseph
  - c. TIF Extension Presentation – Susan Simmons/Steve Riley
- 6. Executive Session**
  - a. Discussion of potential contractual arrangements
- 7. Adjournment**

**Please note that a quorum of Town Council may result if four (4) or more Town Council members attend this meeting.**

# **Hilton Head Island Economic Development Corporation**

## **Minutes of Tuesday, February 25, 2014**

**Members Present:** Maryann Bastnagel, Steven Carb, Carlton Dallas, John Joseph, Steve Riley, Tom Upshaw, Ray Wenig

**Members Absent:** Diana McKenzie

**Town Council:** Bill Harkins, Kim Likins, John McCann

**Town Staff:** Charles Cousins, Shawn Colin, Brian Hulbert

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**1. Call to Order:**

Chairman Upshaw called the meeting to order at 9:00 a.m. in the Palmetto Electric Community Room.

**2. Freedom of Information Act Compliance**

Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

**3. Approval of Minutes from February 11, 2014**

The minutes of February 11, 2014 were approved as presented.

**4. Old Business:**

**a. Status Reports/Updates for EDC Goals**

- a. New Business Development:** Mr. Ray Wenig gave a presentation for the New Business Development Team. The following items were discussed: (1) The EDC in conjunction with the Community Foundation of the Lowcountry has been awarded an IBM Grant for a Strategic Planning Workshop (value of \$52,000) which they would like to schedule for April 2014 or later. They will have a qualified team of two consultants available for a total of ten days of consulting and workshop activities and deliver a draft report for implementation at the end of the program. We will need to participate in two hour individual interviews, three days of interactive workshops and a half day delivery and discussion of the draft report. (2) Web site needs. First would be a short term implementation web site put in place by the Town's Web Administrator. (3) Strategic web project that would require professional assistance to design, build and implement. (4) A Community Advisory Board (CAB) for the EDC to be used as a sounding board and idea group to comment and advise on key issues, programs and activities of the EDC. (5) South Carolina Angel Network – it is starting a state focused fund known as the Palmetto Angel Fund that will focus on high impact entrepreneurial SC and SE region startup companies.

- b. **Existing Business Development:** Mr. John Joseph gave a presentation on the process steps and resource requirements to support existing businesses. The following topics were covered: (1) Identify existing businesses; (2) Survey existing businesses; (3) Remove or reduce obstacles to profitability and growth; (4) Match available resources with businesses' needs; (5) The EDC becomes the "Resource Center" for local businesses.
- c. **Infrastructure:** Mrs. Maryann Bastnagel reported on 2014 Strategic Goals / Status Report on activities completed and activities planned for the following: (1) Telecommunications; (2) Commercial Office/Business Space; (3) Resource Needs.
- d. **EDC Staff Recruitment Status:** Mr. Carlton Dallas reviewed the Selection Process for Executive Search Firm. (1) RFP Selection Criteria Weighting; (2) Recommended Executive Search Firm Selection Process; (3) Overall Selection Process Schedule.

After discussion it was agreed that if time allowed, it would be best to have the Executive Director hired before having the IBM Grant Workshop. Each group will bring to the March 11 EDC meeting the proposed amount of funding they will need to support the EDC goals.

## 5. New Business

- a. **FOIA/Public Meetings:** Mr. Brian Hulbert presented a refresher overview on the Freedom of Information Act (FOIA) which included: when to have executive session; notice of public meetings; and how to conduct effective meetings.
- b. **Outline for meeting with Town Council:** Chairman Upshaw stated that March 25 is the workshop with Town Council and he will create an outline to present to Town Council as to the EDC status of our goals, the recruitment of an Executive Director and related costs. Chairman Upshaw will circulate that outline to the EDC members for their review prior to the next meeting.
- c. **Overview of EDC FY2014 Budget:** Mr. Shawn Colin distributed last year's EDC budget worksheet and explained that more details will be needed in this fiscal budget to capture the true operating costs of the EDC.
- d. **Initial Discussion of EDC FY2015 Budget and Budget Process.** Ms. Susan Simmons discussed her role as Finance Director and the level of detail needed for the FY2015 budget. Ms. Simmons requested the EDC proposed budget be submitted to her by April 1, 2014. Ms. Simmons stressed the need for full disclosure and transparency when itemizing cost of Town staff services.

## 6. Adjournment

There being no further business, the meeting was adjourned at 11:00 a.m.

Respectfully submitted:

Eileen S. Wilson  
Sr. Administrative Assistant

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G. Thomas Upshaw, Chairman



March 11, 2014

# HILTON HEAD ISLAND TIF EXTENSION

PRESENTATION TO THE HILTON HEAD ECONOMIC DEVELOPMENT COMMISSION



# TIF EXTENSION

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- × Maintain same partners
  - + Renew TIF agreements with each partner
  - + Cap total and/or annual amounts contributed
- × Extend the TIF for **10** years
- × Extend the TIF amount by \$**50** million to a total of \$**115** million
- × Specify the new projects in the TIF extension
- × Allow time to complete the current TIF projects

# STATUS OF PARTNERSHIP DISCUSSIONS

## × Beaufort County

- + Presented current plan to Finance Committee on March 3, 2014. Favorably received; will consider resolution of intent soon

## × Beaufort County School District

- + Board of Education stated its intent to participate on February 18, 2014
- + Plan will cap BCSD at \$13 million or 75% of debt service millage; release operating millage. Current projection of 75% debt service = \$11m - \$11.5m

## × Hilton Head Public Service District

- + Restated its intent to participate with current plan on February 25, 2014

# ESTIMATED REVENUES FOR TIF EXTENSION

Beaufort County	\$ 26,100,000
Hilton Head Island PSD	1,100,000
Town of Hilton Head Island	9,800,000
Beaufort County School District	<u>13,000,000</u>
<b>Total TIF Extension Tax Revenues</b>	<b><u>\$ 50,000,000</u></b>

## Notes:

1. The Town is committed beyond the TIF tax revenues to the TIF District.
2. While not a TIF taxing partner, USCB will be a significant monetary contributor to the TIF extension.
3. There may be other partners with fundraising efforts, ex., the children's museum.
4. There will be initial private developments, ex. Heritage Plaza.
5. The Town anticipates these efforts to spur more private (re)development.



# EXISTING TIF ACCOMPLISHMENTS & COSTS

- ✖ Sewer in Squire Pope, Stoney, Chaplin & Marshland Communities \$ 2.4m**
  - + 6 Projects, Enabled Access to 600+ acres
  - + Direct service to 212 properties
- ✖ Parks \$ 3.7m**
  - + Compass Rose
  - + Community Art
  - + Coligny Beach
- ✖ Pathways 4.7 Miles \$ 6.1m**
  - + Pope Avenue
  - + Mathews/Islander Drives
  - + New Orleans Road
- ✖ Roads 2.3 Miles \$18.4m**
  - + Mathews Drive and connectors
  - + Roundabouts at Mathews/Beach City, Dunnagan's Alley, and Gumtree/Squire Pope
  - + Office Park Road
  - + Horseshoe Road Connector
- ✖ Other Public Facilities \$14.4m**
  - + Fire Station 1
  - + Land acquisition for existing and future development
- ✖ Financing (\$5.23m) and Project Mgmt./Planning (\$1.68m) \$ 6.9m**



Sewer Available via TIF Funds

✖ Note: Amounts at 6/30/2013



# EXISTING TIF - ESTIMATED REVENUES & EXPENDITURES

## REVENUES

Grand  
Total

Estimated Net Revenues and Transfers Available 64,568,251

## EXPENDITURES

	Total TIF Spent/ Projected	Town Contributions from Non-TIF Sources	ALL FUNDING SOURCES - Total Spent/ Projected
Totals	<u>64,568,251</u>	<u>23,473,866</u>	<u>88,473,866</u>

Note 1

Note 1: The Town has not yet updated the "Other Funds Spent in the TIF District". It is still reported as of June 2011

Town contributions including non-TIF funds will be in excess of \$31 million.

# PLANS FOR TIF EXTENSION

- ✖ Coligny/Pope Initiative Area (USCB, Community Park and Museum, and Road Improvements to spur Commercial Development)
  - + Budget for Existing and Extension: \$48,610,000
- ✖ Chaplin Linear Park (Connects Shelter Cove Towne Center and Community Park to the Beach)

Both Start during Existing TIF  
But Need Additional Funding and Time

- ✖ Allow Time to Complete Remaining Smaller Projects and Reach \$65 million Existing TIF Cap

# USCB AS AN ECONOMIC PARTNER



- ✘ Not a taxing TIF partner, but will be a new monetary partner
- ✘ Will contribute several million through appropriations or fundraising
- ✘ Will serve as a economic stimulus to the shoulder and off seasons and complement peak season activities
- ✘ Will provide a community asset
- ✘ Will improve education at all levels: P-16 and lifelong learning on the Island

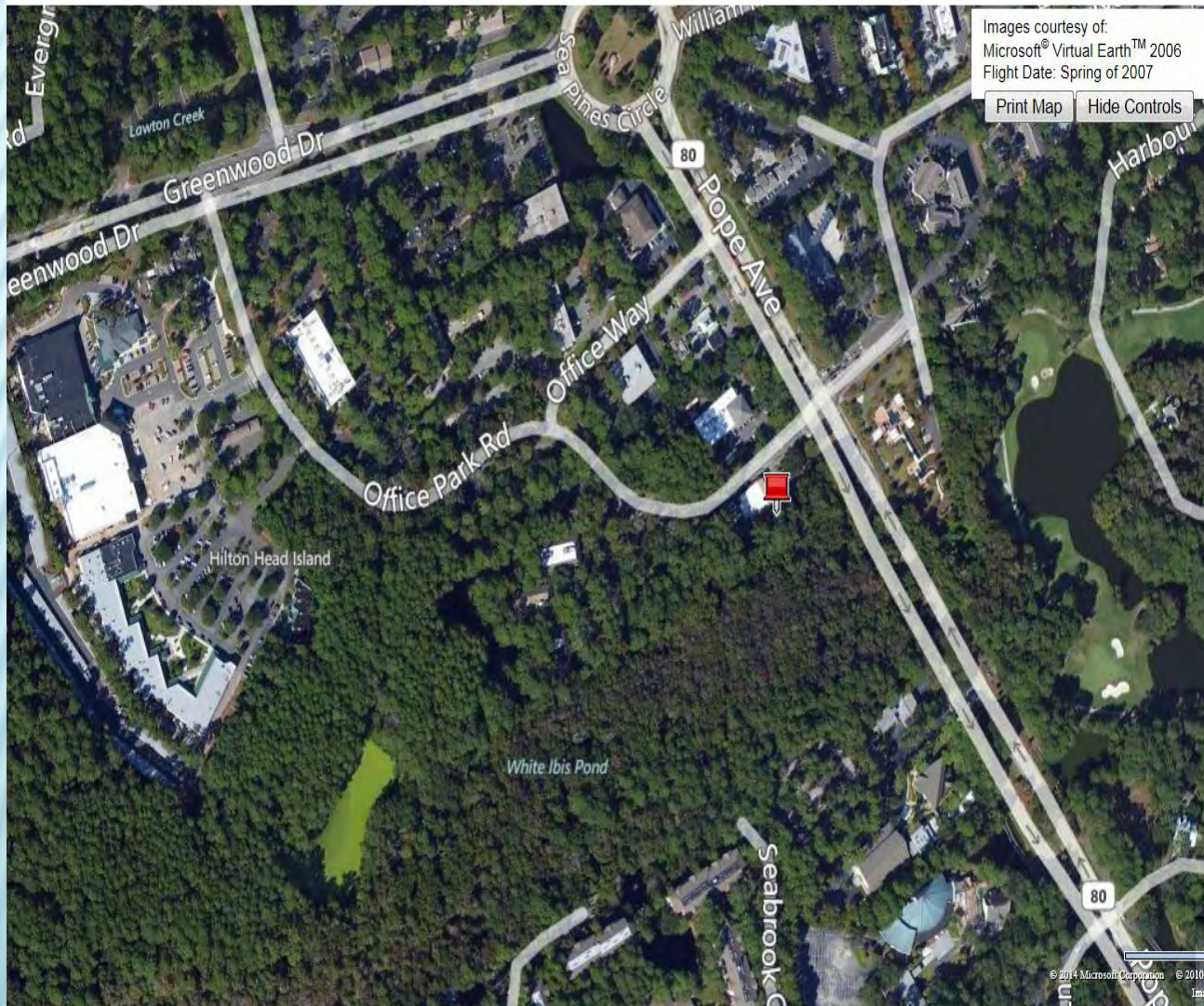
 **WATSON TATE SAVORY**  
ARCHITECTS  
COLIGNY DISTRICT IMPROVEMENTS  
USCB HOSPITALITY CENTER - VIEW FROM POPE AVENUE  
Wilson Road Island, South Carolina  
September 19, 2013

 Wood Partners Inc. WPI

Statistics show that the presence of a university campus in a municipality makes it a more desirable place to work and live. 8



# USCB COMPONENT



- ✖ USCBA facility is likely to be located at Pope Ave. and Office Park Rd
- ✖ Planned relocation increases geographical footprint of initiative area
- ✖ This will spur private development over a larger area – the true purpose of a TIF plan!



# COLIGNY COMMUNITY PARK COMPONENT



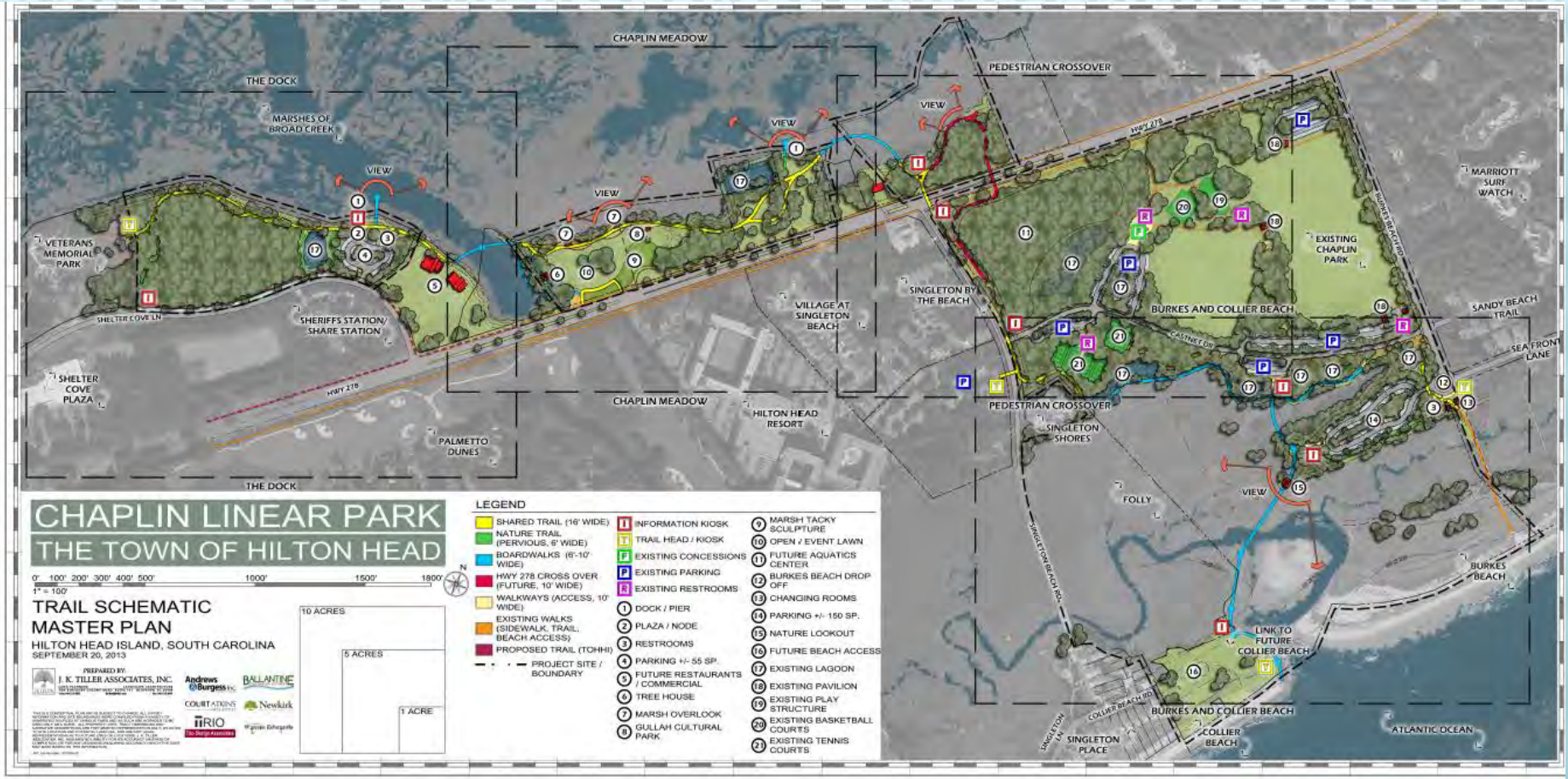


- ✕ Encourage Private Development at Heritage Plaza and Surrounding Commercial Ventures





# CHAPLIN LINEAR PARK WITH BOARDWALK



*Project Will Connect Town of Hilton Head non-TIF properties  
New waterfront Community Park at Shelter Cove Towne Center and  
Existing Veterans Memorial  
To Existing Town properties - Chaplin Park and Collier Beach Park  
Budget for Existing and Extension of TIF: \$9.0 million*

# BENEFITS OF CONTINUED TIF PARTNERSHIP

## × Encourage Private Investments

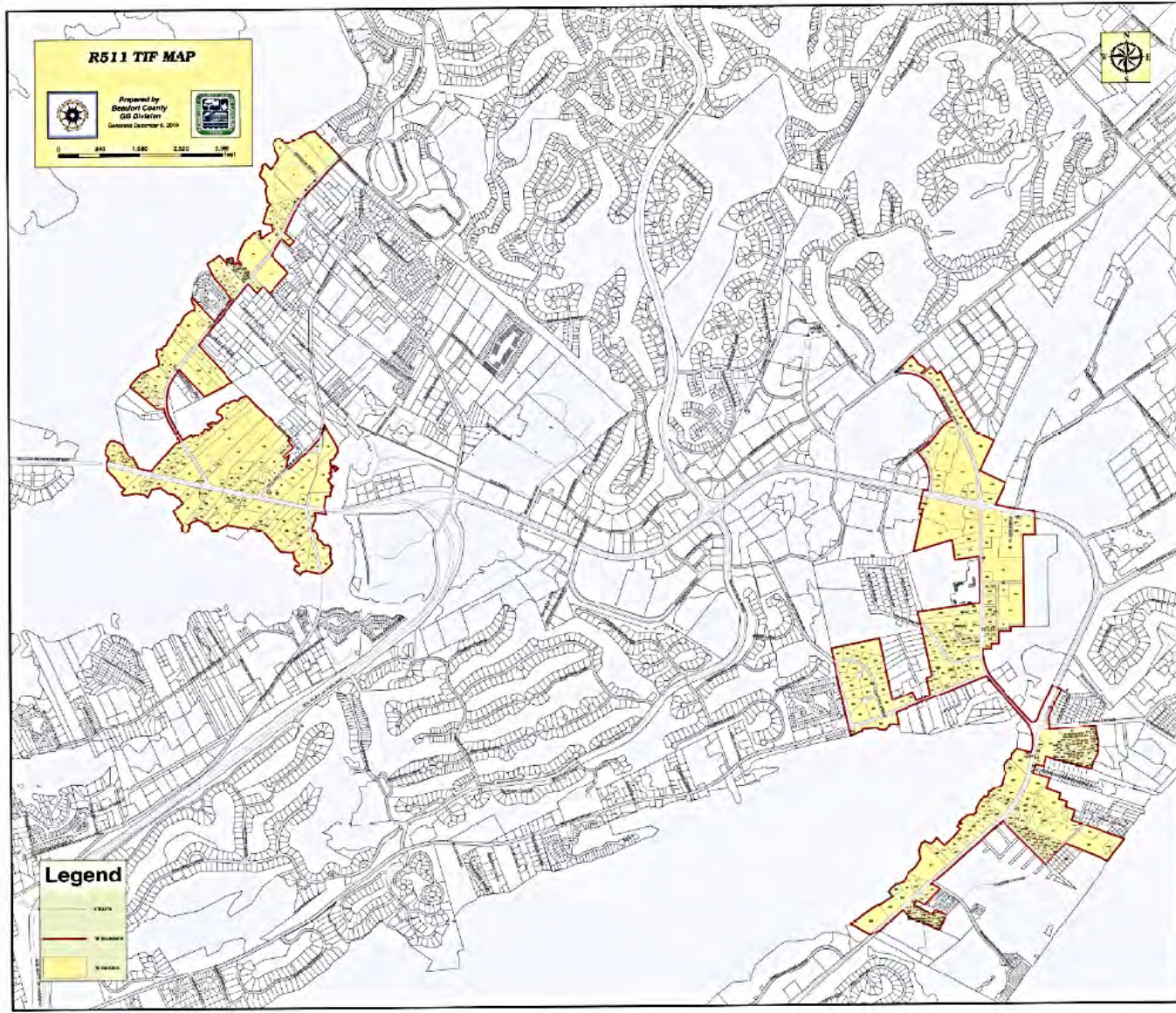
- + To expand the tax base and assessed values which increase the tax base for all
- + In community capital assets and jobs
- + Focus efforts to regain values lost in the recession as reflected in the Countywide reassessment

## × Government partners make sound investments

- + In development and redevelopment of community
- + In governmental capital assets, including infrastructure
- + To leverage private investments
- + To maintain and grow their respective tax bases
- + To revitalize Town's most important commercial, tourist, cultural, educational, and recreational gathering places



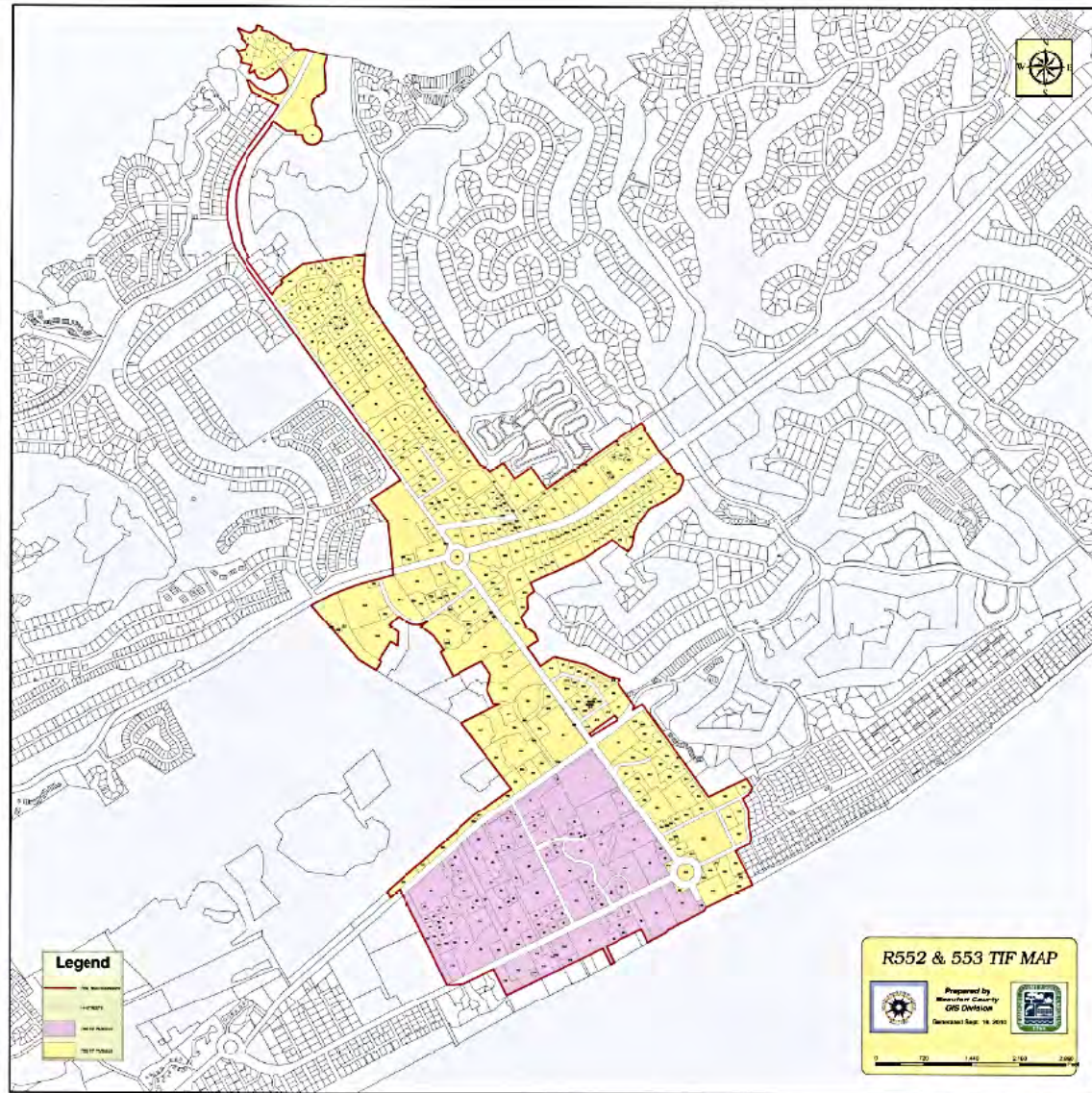
# TAX DISTRICT 511 – NORTH END



This tax district was hugely successful in the existing TIF. Growth during the TIF period is 260%!



# TAX DISTRICTS 552 & 553 – SOUTH END



The South End of the TIF outperformed the non-TIF, but was significantly less than District 511.

The focus of the extended TIF will include the USCB facility, a community park, and road infrastructure to spur commercial development which will increase assessed values.

# INCREASE IN ASSESSED VALUES POST 2012 REASSESSMENT (CURRENT)

	Tax Increment Financing Districts				Non-TIF Town Districts	Beaufort County, in Total
	Tax Increment Financing District 511	Tax Increment Financing District 552	Tax Increment Financing District 553	Totals		
Current Assessed Value	18,942,970	28,141,890	29,621,900	76,706,760	763,619,256	1,660,659,900
Base Value at 1999	<u>5,263,747</u>	<u>13,689,451</u>	<u>15,605,358</u>	<u>34,558,556</u>	<u>382,825,891</u>	<u>753,813,529</u>
<b>Increment</b>	<b><u>13,679,223</u></b>	<b><u>14,452,439</u></b>	<b><u>14,016,542</u></b>	<b><u>42,148,204</u></b>	<b><u>380,793,365</u></b>	<b><u>906,846,371</u></b>
<b>Percentage Increase</b>	<b>259.88%</b>	<b>105.57%</b>	<b>89.82%</b>	<b>121.96%</b>	<b>99.47%</b>	<b>120.30%</b>

A Source: Beaufort County Fiscal Year 2000 CAFR

The TIF Base was frozen in 1999 and the TIF taxes are generated by the incremental increase in property values.

District 511 (North end – Stoney, Mathews/Gardner, and Chaplin/Broad Creek) remained nearly the same as just prior to the recession, again showing the value of the TIF to the Town and its TIF partners.

Districts 552 and 553 had fairly significant decreases from recession; therefore, they will be the main focus of TIF extension.

TIF still significantly outperformed the Town's non-TIF areas and performed slightly higher than the County during a period of extremely high growth in Bluffton and the surrounding area.



# NEXT STEPS TO EXTEND TIF

- ✖ Town staff prepare/finalize formal extension plan
- ✖ Council adopts resolution to distribute TIF Extension Plan
- ✖ Town executes required notifications of Public Meeting re: Town's plan to extend the TIF (public and private partners notified)
- ✖ Council approves first reading of ordinance to extend TIF
- ✖ TIF Partners adopt resolutions consenting to the TIF extension
- ✖ Council holds Public Meeting/Second reading of ordinance to extend TIF
- ✖ Town publish Notice of Adoption of TIF Extension
- ✖ Goal: Extension in Place by Summer 2014